

S E C R E T

PROJECT DIRECTIVE)
NUMBER 67-16)

19 May 1958

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DISPOSITION OF RESIDUAL AND SURPLUS MATERIAL GENERATED BY CONTRACTS

PECULIAR TO PROJECT CHALICE

I. PURPOSE:

- A. To eliminate scrap and surplus Material from Contractors Inventory generated by contracts peculiar to Project Chalice.
- B. To establish disposal channels by type of material concerned.

II. SCOPE: This directive is applicable to Contractors and the Depot only, for the purpose stated above.

III. RESPONSIBILITIES: Contractors and the Project Depot are responsible for compliance with the instructions contained herein.

IV. Categories of Material Concerned

- A. Scrap items: Items damaged or determined by responsible personnel to have absolutely no further use or requirement except as a salvageable value.
 - (1) Fabricated parts: (Sheet metal or machined) Damaged in Contractors manufacture or assembly operation, removed from repaired or modified components or obsolete parts.
 - (2) Purchased parts or equipment: Damaged in Contractor's manufacture or assembly operation, removed from repaired or modified components, or obsolete parts. Outdated or deteriorated parts that cannot be re-conditioned. Residue parts removed from modified purchased parts or equipment.
- B. Surplus items: Usable parts and material not required for manufacture, assembly, testing, modification and repair of major and minor components, tools, jigs and dies. Such as:
 - (1) New parts, fabricated and purchased.
 - (2) Used but serviceable parts.
 - (3) Repairable as determined by requirements.

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V. Disposal Channels:

- A. Scrap items: Contractors will separate by type of material such as aluminum, steel, plastic, rubber and so forth. Items will be boxed and placed in storage pending inspection by Project Depot Inspector.
- B. Surplus items: Contractors will list these by parts number, quantity, and spares exhibit number, box and ship to the Project Depot with normal documentation which will indicate condition in order that items may be stored as received.

- VI. The project depot will be responsible for in-plant inspection of all scrap material generated by contractors. The Depot Inspector along with a security representative, will reject and disfigure any and all items bearing a security implication. The inspector will then authorize the contractor to dispose of scrap through plant disposal facilities.
- VII. Contractors will credit the specific contract with value received from such scrap. In case of duplicate contracts such credits will be a 50-50 split. Contractors will furnish a copy of such credits to the Project Contracting Officer.
- VIII. Western Contractors may contact the depot for the services of an inspector any time sufficient scrap generation warrants disposal action.

Eastern Contractors will be visited by the depot inspector approximately every six months to perform inspection and disposal action.

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